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Received \_\_\_\_\_

Examined \_\_\_\_\_

CLASS D  
WATER UTILITIES

U# \_\_\_\_\_

2001  
ANNUAL REPORT  
OF

Altos Sonoma Corporation

Kenwood Village Water Company  
(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

4984 Sonoma Highway

Santa Rosa, Ca. 95409  
(OFFICIAL MAILING ADDRESS) ZIP

TO THE  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
FOR THE  
YEAR ENDED DECEMBER 31, 2001

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2002  
(FILE TWO COPIES IF THREE RECEIVED)

**Summary of Earnings  
Test Year 2001**

Account Number	Operating Revenue	
470	Metered	174,107
460	Unmetered	
465	Irrigation	
462-480	<del>Private Fire Protection</del> Other	2214
	<b>Total Revenue</b>	
	<b>Operating Expenses</b>	
610	Purchased Water	8210
615	Purchased Power	16475
	Pump Taxes	
	Purchased Chemicals	541
618	Other Vol. Related exp.	
630	Employee Labor	8623
640	Materials	2997
650	Contract Work	10560
	Water Testing	1151
660	Transportation Expense	937
664	Other Plant Maintenance	472
670	Office Salaries	8050
671	Management Salaries	28445
674	Employee Pensions and Benefits	12290
676	Uncollectables	117
678	Office Service and Rentals	2220
681	Office Supplies and Expense	4328
682	Professional Services	3088
684	Insurance	3607
688	Regulatory Expense	
689	General Expense	2934
	<b>Subtotal</b>	115,055
403	Depreciation Expense	9788
	Ad Valorem Taxes	
	Payroll taxes	3804
408	Taxes other than income	2464
409	State Income Tax	3997
410	Federal Income Tax	16073
	<b>Total Deductions</b>	151,181
	<b>Net Revenue</b>	25,140
	<b>Rate Base</b>	
	Average Plant	532,877
	Average Depreciation Reserve	115,320
	Net Plant	417,557
	Less: Advances	-
	Less: Contributions	<105,329>
	Plus: Construction Work in Progress	-
	Plus: Working Cash	9588
	Plus: Material & Supplies	3475
	<b>Rate Base</b>	315,291
	<b>ROR=Net Rev/Rate Base</b>	8% <sub>10</sub>

**CLASS D WATER UTILITIES**  
(HAVING LESS THAN 500 SERVICE CONNECTIONS)

Kenwood Village Water Company

(Name under which corporation, partnership or individual is doing business)

4984 Sonoma Highway, Santa Rosa, Ca. 95409

(Official mailing address)

Kenwood, Sonoma County

(Service area-town and county)

**GENERAL INFORMATION**

RETURN ORIGINAL  
TO COMMISSION  
NO PHOTOCOPIES

1 If a corporation show:

(A) Date of organization 8/95 incorporated in the State of California

(B) Names, titles and addresses of principal officers: James B. & Kathleen S. Downey  
26000 Newbridge Ea., Los Altos Hills, Ca. 94022

2 If unincorporated give the name and address of owner or of each partner:

3 Name and telephone number of:

Karen L. Ball

(A) One person listed above to receive correspondence:

(707) 539-6397

(B) Person responsible for operations and services:

4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? Yes or No

If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged? JPB Environmental Services, field service operations. Acct # 650

5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:

**PUBLIC HEALTH STATUS**

6 Has state or local health department inspection been made during the year?

7 Are routine laboratory tests of water being made?

8 Has state health department water supply permit been obtained? (Indicate date)

9 If no permit has been obtained, state whether application has been made and when.

10 Show expiration date if state permit is temporary.

Yes	No	Latest Date
	X	
X		12/01
X		renewed 8/97
N/A		
N/A		

**SPECIAL INSTRUCTIONS (see following page)**

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES

2001

NAME OF UTILITY Kennwood Village Water Co. PHONE (107) 539-6397

PERSON RESPONSIBLE FOR THIS REPORT Karen L. Ball, Manager  
(Prepared from Information in the 2001 Annual Report)

	1/1/01	12/31/01	Average
<b>BALANCE SHEET DATA</b>			
1 Intangible Plant			
2 Land and Land Rights	<u>225</u>	<u>225</u>	<u>225</u>
3 Depreciable Plant	<u>512,665</u>	<u>572,638</u>	<u>532,652</u>
4 Gross Plant in Service	<u>512,890</u>	<u>552,863</u>	<u>532,877</u>
5 Less: Accumulated Depreciation	<u>(116,032)</u>	<u>(114,608)</u>	<u>(115,320)</u>
6 Net Water Plant in Service	<u>396,858</u>	<u>438,255</u>	<u>417,557</u>
7 Water Plant Held for Future Use			
8 Construction Work in Progress			
9 Materials and Supplies	<u>3229</u>	<u>3611</u>	<u>3475</u>
10 Less: Advances for Construction	<u>( - )</u>	<u>( - )</u>	<u>( - )</u>
11 Less: Contribution in Aid of Construction <u>Amort. Acct # 271</u>	<u>(117,733)</u>	<u>(128,923)</u>	<u>(123,328)</u>
12 <del>Less: Accumulated Deferred Income and Investment Tax Credits</del>	<u>20,616</u>	<u>23,594</u>	<u>22,105</u>
13 Net Plant Investment	<u>303,680</u>	<u>336,537</u>	<u>319,809</u>
<b>CAPITALIZATION</b>			
14 Common Stock			
15 Proprietary Capital (Individual or Partnership)			
16 Paid-in Capital			
17 Retained Earnings	<u>298,327</u>	<u>327,157</u>	<u>312,742</u>
18 Common Stock and Equity (Lines 14 through 17)			
19 Preferred Stock			
20 Long-Term Debt			
21 Notes Payable			
22 Total Capitalization (Lines 18 through 21)	<u>298,327</u>	<u>327,157</u>	<u>312,742</u>

(Revised 2/01)

SELECTED FINANCIAL DATA - CLASS A, B, C AND D WATER COMPANIES  
2001

NAME OF UTILITY Hesswood Village Water Co. PHONE (707) 589-6397

**INCOME STATEMENT**

	Annual Amount
23 Unmetered Water Revenue	-
24 Fire Protection Revenue	-
25 <del>Irrigation</del> Revenue <u>DWR + other water</u>	<u>43,610</u>
26 Metered Water Revenue	<u>174,107</u>
27 Total Operating Revenue	<u>217,717</u>
28 <u>Operating Expenses</u>	<u>115,055</u>
29 Depreciation Expense (Composite Rate <u>2.31%</u> )	<u>9,788</u>
30 Amortization and Property Losses	<u>32,019</u>
31 Property Taxes	<u>2,464</u>
32 Taxes Other Than Income Taxes	<u>3,804</u>
33 Total Operating Revenue Deduction Before Taxes	<u>163,130</u>
34 California Corp. Franchise Tax	<u>3,997</u>
35 Federal Corporate Income Tax	<u>1,603</u>
36 Total Operating Revenue Deduction After Taxes	<u>183,200</u>
37 Net Operating Income (Loss) - California Water Operations	<u>34,517</u>
38 Other Operating and Nonoper. Income and Exp. - Net (Exclude Interest Expense) †	<u>434</u>
39 Income Available for Fixed Charges	
40 Interest Expense	<u>9,811</u>
41 Net Income (Loss) Before Dividends	
42 Preferred Stock Dividends	
43 Net Income (Loss) Available for Common Stock	<u>15,140</u>

**OTHER DATA**

44 Refunds of Advances for Construction	-
45 Total Payroll Charged to Operating Expenses	<u>284,445</u>
46 Purchased Water	<u>8,210</u>
47 Power	<u>16,475</u>

<u>Active Service Connections</u>	(Exc. Fire Protect.)	Jan. 1	Dec. 31	Annual Average
48 Metered Service Connections		<u>297</u>	<u>299</u>	<u>298</u>
49 Flat Rate Service Connections				
50 Total Active Service Connections		<u>295</u>	<u>296</u>	<u>296</u>

CLASS B, C AND D WATER COMPANIES  
SAFE DRINKING WATER BOND ACT DATA

Please provide the following information relating to each Safe Drinking Water Bond Act (SDWBA) loan outstanding during the 12 month reporting period. (Use one sheet for each loan.)

1. Current Fiscal Agent:

Name: Westamerica Bank; Karen Johnson, Manager  
Address: P.O. Box 137, Guerneville, Ca. 95446  
Phone Number: (707) 869-0665  
Date Hired: 9/95

2. Former Fiscal Agent:

Name: n/a  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Date Hired: \_\_\_\_\_

3. Total surcharge collected from customers during the 12 month reporting period:

\$ 41,830.39 (billing)

4. Summary of the trust bank account activities showing:

Balance at beginning of year	<u>\$12,287.96</u>
Deposits during the year	<u>41,809.30</u>
Withdrawals made for loan payments	<u>35,349.12</u>
Other <del>withdrawals</del> from this account interest earned	<u>433.54</u>
Balance at end of year	<u>18,181.68</u>

5. Account information:

Bank Name: Westamerica Bank  
Account Number: 403-13346-5  
Date Opened: 1-1-98 transferred from 403-11761-1 to reflect changed company ownership

6. Plant amounts included in Schedule A-1 a, Account No. 101--Water Plant in Service which were funded using SDWBA funds:

Line No.	Acct. No.	Title of Account (a)	Balance Beginning of Year (b)	Plant Additions During Year (c)	Plant Retirements During Year (d)	Other Debits* or (Credits) (e)	Balance End of Year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible plant					
3	303	Land					
4		Total non-depreciable plant					
5		DEPRECIABLE PLANT					
6	304	Structures					
7	307	Wells					
8	317	Other water source plant					
9	311	Pumping equipment					
10	320	Water treatment plant					
11	330	Reservoirs, tanks and sandpipes	212,397				212,397
12	331	Water mains	153,234				153,234
13	333	Services and meter installations	34,901				34,901
14	334	Meters *	1,908				1,908
15	335	Hydrants	23,651				23,651
16	339	Other equipment					
17	340	Office furniture and equipment					
18	341	Transportation equipment					
19		Total depreciable plant					
20		Total water plant in service	426,091				426,091

**SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2001)**

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Water plant in service	978954	201	Common Stock (Corporations only)	
2	103	Water plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Water plant purchased or sold		215	Retained earnings	
4	105	Water plant construction work in progress		218	Proprietary capital	317157
5	108	Accumulated depreciation of water plant	(265919)	224	Long term debt (10)	312916
6	114	Water plant acquisition adjustments			Current Liabilities	10778
7	124	Other investments		252	Advances for construction	
8	131	Cash (1)	5159	253	Other deferred credits	
9	141	Accounts receivable - customers	18,964	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies	3611		depreciation	
12	174	Other current assets		283	Accumulated deferred income taxes - other	
13	180	Deferred charges (2)	15,421	271	Contributions in aid of construction	128923
14				272	Accumulated amortization of contributions	(23594)
15		Total Assets	756190		Total Equity and Liabilities	756190

**SCHEDULE B - WATER PLANT IN SERVICE**

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant					
17	303	Land	225				225
18	304	Structures	7299	704 (3)			8003
19	307	Wells	10772				10772
20	317	Other water source plant	9707	11167 (4)			20874
21	311	Pumping equipment	70869	29721 (5)	13490		86100
22	320	Water treatment plant	7325				7325
23	330	Reservoirs tanks and sandpipes	212397	72 (6)			212469
24	331	Water mains	414336	940 (7)			415276
25	333	Services and meter installations	118704	8885 (8)			137539
26	334	Meters	24996	9026 (9)			28022
27	335	Hydrants	40031				40031
28	339	Other equipment	1618	578			2196
29	340	Office furniture and equipment	7810	130	700		7250
30	341	Transportation equipment	2872				2872
31		Total water plant in service	938971	54173	(14190)		978954

\* Debit or credit entries should be explained by footnotes or supplementary schedules

**SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT**

Line	Item	Account 106 Water Plant	Account 106.1 SDWBA Loans	
32	Balance in reserves at beginning of year	116032	119292	A. Method used to compute depreciation
33	Add: Credits to reserves during year			expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	9788		2.31% SL.
35	(b) Charged to Account No. 272	2978		
36	(c) Charged to clearing accounts			B. Amount of depreciation expense claimed
37	(d) Salvage recovered			or to be claimed on utility property in
38	(e) All other credits			your federal income tax return for the year
39	Total credits	12766	32019	covered by this report \$
40	Deduct: Debits to reserves during year			
41	(a) Book cost of property retired	14190		C. State method used to compute tax
42	(b) Cost of removal			depreciation.
43	(c) All other debits			
44	Total debits			
45	Balance in reserve at end of year	114608	151311	
46	(1) Explanation of all other credits			
47	(2) Explanation of all other debits			

265,919



SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2001)

Line	Common - (Shares, \$ par)		List persons owning more than 5% of outstanding stock and number of shares owned by each:
1	Preferred - (Shares, \$ par)	N/A	
2	Dividends - Common Rate - \$		
3	- Preferred Rate - \$		
4			

SCHEDULE E - LONG TERM DEBT

Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Rate of Interest	Interest Accrued During Year	Interest Paid During Year
5							
6							
7							
8	Totals						

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	XXXXXXXXXX
10	460 Unmetered water revenue	
11	462 Fire protection revenue	
12	465 Irrigation revenue	
13	470 Metered water revenue	174107
14	480 Other water revenue (11)	43610
15	Total Operating Revenue	217717
16	Operating revenue deductions	XXXXXXXXXX
17	Operating expenses	XXXXXXXXXX
18	610 Purchased water	8210
19	615 Power	16475
20	618 Other volume related expenses	541
21	630 Employee labor	8623
22	640 Materials	2997
23	650 Contract work (12)	11711
24	660 Transportation expenses	937
25	664 Other plant maintenance expense	472
26	670 Office salaries	8050
27	671 Management salaries	28445
28	674 Employee pensions and benefits	12290
29	676 Uncollectible accounts expense	127
30	678 Office services and rentals	2220
31	681 Office supplies and expense	4328
32	682 Professional services (13)	3088
33	684 Insurance	3607
34	688 Regulatory commission expense	
35	689 General expenses (14)	2934
36	Total Operating Expenses	115055
37	403 Depreciation expense	9788
38	407 SDWBA loan amortization expense	32019
39	408 Taxes other than income taxes (15)	6268
40	409 State corporate income tax expense	3997
41	410 Federal corporate income tax expense	16073
42	Total Operating Revenue Deductions	183100
43	Utility Operating Income	
44	421 Non-utility income (16) +	434
45	426 Miscellaneous non-utility expense	
46	427 Interest expense (17)	9811
47	Net Income	25140

SCHEDULE G - SOURCES OF SUPPLY AND WATER DEVELOPED WELLS

Location	No.	Diam. Inch	Depth to water feet	Pumping capacity (g.p.m.)	Annual quantities pumped
Kenwood	1	12	47	450	50.18 MG
Kenwood	2	12	36	300	.40 MG
					50.58 MG

OTHER

Streams or springs location of diversion point	Flow in		(Unit) Diversions		Annual quantities diverted (Unit)
	Priority right	Claim Capacity	Max	Min	
Purchased water (unit) M.G.					
Supplier: S.C.W.A.					Annual quantity 5.50 MG

SCHEDULE H - OPTIONAL WATER DELIVERED TO METERED CUSTOMERS (If figures are available) (specify unit)

Classification of service	Max. mo. Mo. of	Min. mo. Mo. of	Total for year
Residential & business			49.99 MG
Industrial			
Public authorities			
Irrigation (Parks)			5.4 MG
Other (specify)			
Total			55.39 MG

SCHEDULE I - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
48	630	Employee Labor	1	8623	536	9159
49	670	Office salaries	1	8050	-	8050
50	671	Management salaries	2	28445	500	28945
51		Total	4	45118	1036	46154

**SCHEDULE J - ADVANCES FOR CONSTRUCTION**

Balance beginning of year	
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	
Transfers to Acct. 271 - Contributions in Aid of Construction	N/A
Balance end of year	

**SCHEDULE K - TOTAL METERS AND SERVICES (active and inactive)**

Size	Meters	Services
5/8 x 3/4-in	298	
3/4-in		
1-in	6	
-in	5	
-in		
Total	299	

**SCHEDULE L - METER-TESTING DATA**

Number of meters tested during year	
1 Used, before repair...	17 tested
2 Used, after repair.....	16 replaced
3 Fast, requiring refund ..	-
Numbers of meters in service requiring test per General Order No. 103 .....	

**SCHEDULE M - SERVICE CONNECTIONS AT END OF YEAR**

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences	281			3			284	
Industrial <i>Business</i>	12						12	
Other (specify) <i>Parks</i>	3						3	
Subtotal	296			3			299	
Fire protection (Hydrants)	20						20	
Total	316			3			319	

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

**SCHEDULE N - STORAGE FACILITIES**

**SCHEDULE O - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)**

Description	No.	Combined capacity in gallons	Description	2" and	2 1/4 to	4"	6"	8"	10"	Totals
				under	3 1/4	Other sizes (specify)				
Concrete			Cast Iron							
Earth			Welded steel			3000				3000
Wood			Standard screw				40			40
Steel	2	220,000 gal	Cement-asbestos			1734	11650			13384
Other			Plastic			710	2546	3656	685	7597
			Other (specify)							
			<i>Ductile Iron</i>						135	135
Total			Total			5444	14936	3656	920	24156

**DECLARATION**

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) of Kenwood Village Water Company (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including Jan 1, 2001, to and including December 31, 2001

Signed Loren L. Ball  
 Title Manager  
 Date 3/26/02

**Notes For 2001 Kenwood Village Water Company Annual Report**

<b>1. Money Market Account</b>	<b>1094</b>
<b>Checking Account</b>	<b>4065</b>
	<hr/> <b>5159</b>
<b>1. SDWBA Administration Fee</b>	
<b>2. K2 Easement Survey</b>	
<b>3. K1 Chlorinator motor &amp; motor starter</b>	<b>1850</b>
<b>K1 Alarm system, sleep system, and well gauge</b>	<b>8715</b>
<b>K2 Chlorinator &amp; sleep system</b>	<b>602</b>
	<hr/> <b>11167</b>
<b>5. K2 well pump and motor</b>	<b>20900</b>
<b>K1 well pump &amp; motor</b>	<b>7821</b>
	<hr/> <b>28721</b>
<b>6. K Storage tank drains</b>	<b>72</b>
<b>7. Aqueduct turnout regulators rebuilt</b>	<b>940</b>
<b>8. Services:</b>	
<b>Cochett</b>	<b>3730</b>
<b>Fitzpatrick</b>	<b>3750</b>
	<hr/> <b>7480 CIAC</b>
<b>Other</b>	<b>1355 Co</b>
	<hr/> <b>Total 8835</b> <hr/>
<b>9. Metering</b>	
<b>10. SDWBA only</b>	
<b>11. Late Charges</b>	<b>1780</b>
<b>SDWBA Billing</b>	<b>41830</b>
	<hr/> <b>43610</b>
<b>12. Laboratory</b>	<b>1151</b>
<b>Field Operations</b>	<b>10560</b>
	<hr/> <b>11711</b>
<b>13. Accounting</b>	<b>2640</b>
<b>Computer Services</b>	<b>448</b>
	<hr/> <b>3088</b>

<b>14. User Use Fee</b>	<b>1803</b>
<b>    General Expenses</b>	<b><u>1131</u></b>
	<b>2934</b>
<b>15. Payroll Tax</b>	<b>3804</b>
<b>    Property Tax</b>	<b><u>2464</u></b>
	<b>6268</b>
<b>16. Interest Earned on SDWBA Fiscal Acct</b>	<b>434</b>
<b>17. Interest paid on SDWBA Loan</b>	<b>9811</b>